factors, the grant of the licence would not be prejudicial to the operation and consolidation of the banking system consistent with monetary stability and economic growth. Based on the recommendations of the high powered committee under the chairmanship of Shri M. Narasimham (Committee on financial system) to liberalise the Financial system and to the effect that the Reserve Bank of India should permit the establishment of new banks in the private sector, guidelines were issued by the Reserve Bank of India in January, 1993 for entry of new private sector banks. The guidelines envisage that the new banks:

(i) Would sub-serve the underlying objectives of financial sector reforms, i.e. of providing competitive, efficient and low cost financial intermediation services for the society at large,

(ii) Would be financially viable,

(iii) Would result in upgradation of technology in the banking sector.

(iv) Would avoid shortcomings such as unfair pre-emption and concentration of credit, monopolisation of economic power, cross holdings with industrial groups etc. which beset the private sector banks prior to nationalisation.

similarly, with a view to providing institutional mechanism for promoting rural savings as well as for the provision of credit for viable economc activities in the local areas it has been decided to allow the establishment of local area banks in the private sector. These banks are expected to bridge the gap in credit availability and enhance the institutional credit framework in the rural and semi-urban areas. Local Area Banks are expected to cater to the credit needs of the local people and to provide efficient and competitive financial intermediation services in their area of operation.

(b) and (c) Keeping in view the guidelines dated January 22, 1993 regarding setting up of new banks in the private sector, Reserve Bank of India has granted licences to nine new banks in the private sector in 1994 and 1995 (excluding conversion of one co-operative bank into a private sector commercial bank). Having regard to the fact that the credit provided by the banks in India as a percentage to GDP is considerably lower than in most of the developed and developing countries, it is not expected that granting licences to private sector banks where branches of public sector banks exists would prejudicially affect the working of the banking system in such areas. Even after private sector banks have commenced operations the volume of banking business handled by public sector banks has increased in absolute terms. RBI has further informed that there is no proposal to check the further growth of banks in the private sector as the objective is to provide competitive and efficient finanical services to the society at large.

In-prinicple approval has been granted by RBI for setting up of 8 local area banks. However, so far no licence has been granted to any Local Area Bank.

Loans for Housing to Persons Below Poverty Line in Gujarat

70. SHRIMATI URMILABEN CHIMANBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether a scheme to provide loans for housing to the persons living below the poverty line has been chalked but by Government;

(b) if so, the details of such persons in Gujarat to whom the loans disbursed by the banks during the last two years; and

(c) if not, the reasons therefor and the steps taken by Government in this regared?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE BANKING, REVENUE AND INSURANCE (SHRI KADAMBUR M.R. JANARTHANAN): (a) to (c) It is envisaged in the National Agenda for Governance that there will be a substantial increase in the targets for construction of houses for the poor and deprived to the extent of 7 lakhs houses per year in the urban areas of the country. The Scheme will also cover the persons belonging to poor and deprived category. National Housing Bank have reported that the details of housing loans under priority sector viz. housing loans up to Rs. 5 lakhs disbursed by banks in Gujarat State during the years ended June, 1996 and June, 1997 as

provided by Reserve Bank of India is as given below:-

Year ended	No. of Accounts	Amount (Rs. in 1000)
For the year ended June, 1996	693	1,13,972
For the year ende June, 1997	1974	2,36,686

DA to Central Government Employees

71. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government Employees have become entitled to another instalment of Dearness Allowance w.e.f. 1st January, 1999;

(b) if so, the rate at which the increased D.A. has become due;

(c) by when the orders are likely to be issued in this regard; and

(d) whether the Central Government Pensioners would also be given a hike in their Dearness relief at the same rate?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (d) Dearness Allowance to Central Government employees is revised twice a year from 1st January and 1st July payable with the salary for the months of March and September respectively. The instalment due from 1st January normally becomes payable with the salary for the month of March, paid in April and the decision to revise the rates of DA w.e.f. 1.1.99 will be taken well before it becomes payable. Central Government Pensioners would also be eligible for Dearness Relief at the same rate.

Maintenance of **Separate Account to Debit Overdraft Amount**

72. SHRI S. VIDUTHALAI VIRUMBI:Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India is maintaining a separate account to debit the overdraft amount which was not remitted back by the Central Government to RBI before the time stipulated for the repayment thereby clearing the overdraft by mere book adjustment;

(b) if so, whether the similar facility is provided to State Governments;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (d) No such facility is provided either to the Central Government or the State Governments. The transactions relating to receipts and payments of the Central and the State Governments are booked in the respective accounts as they happen and reflect the correct position. The Ways & Means Advances facility and overdraft are meant for bridging temporary mismatch in Government receipts and payments and hence there is no reason to resort to any accounting practices to conceal the factual position.

Applications for projects under IRDP in West Bengal

73. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the United Bank of India is the lead bank for West Bengal for implementation of **I.R.D.P;**

(b) if so, the applications received by the bank and projects sanctioned thereof and the number of projects for which disbursal have been made during the last three years;

(c) the ratio of recovery for these schemes; and

(d) the comparative figures of other banks operating in West Bengal?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) Yes, Sir. United Bank of India is the Convenor of the State Level Bankers' Committee for the State of West Bengal. The bank is also having lead responsibility in 9 districts out of 17 districts in the State. The details of the applications received by the bank and the projects sanctioned and disbursals